

Message Text

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TO USMISSION IAEA VIENNA

C O N F I D E N T I A L STATE 118441

FOLLOWING REPEAT BONN 7964 ACTION SECSTATE INFO TEHRAN 16 MAY 75

QUOTE

C O N F I D E N T I A L BONN 07964

DEPT PASS ERDA FOR SIEVERING

E. O. 11652: GDS
TAGS: TECH, PARM, IR, GW
SUBJECT: FRG-IRAN NUCLEAR COOPERATION

REF: A. STATE 088632 B. TEHRAN 3738

1. SUMMARY: GERMAN DELEGATION TO IRAN APRIL 11-18
DID NOT SIGN GOVERNMENT-LEVEL AGREEMENT FOR NUCLEAR
COOPERATION BECAUSE NEGOTIATIONS ON SAFEGUARDS AND
RELATED TOPICS ARE NOT YET COMPLETED. COMMERCIAL
NEGOTIATIONS FOR THE SALE OF TWO GERMAN 1200 EMW
NUCLEAR POWER PLANTS ARE APPARENTLY PROCEEDING
WITHOUT SERIOUS PROBLEMS. END SUMMARY

2. FRG TECHNOLOGY MINISTRY OFFICIALS CONFIRM
THAT GERMAN DELEGATION VISITING IRAN APRIL 11-18,
1975, LEFT WITHOUT SIGNING THE AGREEMENT FOR
NUCLEAR COOPERATION. TECHMIN REPS EXPLAINED
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THAT FIRST DRAFT OF THIS AGREEMENT WAS PREPARED
AND SUBMITTED TO IRAN LAST FALL. SUBSEQUENTLY
CERTAIN CONSULTATIONS WITH THE US AND OTHER
NATIONS HAD MADE IT CLEAR THAT SUCH AGREEMENTS

MUST ALSO CONSIDER PHYSICAL SECURITY OF NUCLEAR MATERIALS AND FACILITIES, ADEQUATE PROVISIONS TO INSURE CONTINUED SAFEGUARDS AND THE PROBLEM OF SAFEGUARDS ON TECHNOLOGY. THE FRG DELEGATION FIRST WISHED TO DISCUSS THESE POINTS ORALLY WITH THE IRANIANS BEFORE PRESENTING A NEW DRAFT AGREEMENT. FURTHERMORE, ANY FRG-IRAN AGREEMENT MUST BE SUBMITTED TO EURATOM COMMISSION UNDER ARTICLE 103 OF TREATY. CONSEQUENTLY GERMAN DELEGATION HAD NEVER INTENDED TO COMPLETE NEGOTIATION OF THE GOVERNMENT-GOVERNMENT AGREEMENT FOR NUCLEAR COOPERATION DURING APRIL VISIT.

3. FRG-IRAN DISCUSSIONS WERE FRIENDLY AND FRANK. GERMANS ARE CONFIDENT THAT ADEQUATE PHYSICAL SECURITY WILL PRESENT NO PROBLEM. OTHER POINTS ARE APPARENTLY NOT YET COMPLETELY RESOLVED. IRANIAN NEGOTIATORS MADE IT VERY CLEAR THAT IRAN DID NOT WISH TO AGREE TO PROVISIONS IN ANY ONE OF THE INTERNATIONAL NUCLEAR AGREEMENTS NOW BEING NEGOTIATED WHICH MIGHT CREATE AN UNDESIRABLE PRECEDENT FOR THE OTHERS. FRG PLANS TO SUBMIT NEW DRAFT AGREEMENT TO IRAN WITHIN NEXT FEW WEEKS.

4. FRG DESIRES TO INSURE CONTINUED SAFEGUARDS EVEN IF IRAN SHOULD WITHDRAW FROM NPT AND CONSEQUENT IAEA SAFEGUARDS OBLIGATIONS. TECHMIN OFFICIAL BELIEVES THIS POSSIBILITY MUST BE CONSIDERED BECAUSE BEHAVIOR OF IRAN'S NEIGHBORS MIGHT STIMULATE SIGNIFICANT INTERNAL POLITICAL PRESSURES FOR WITHDRAWAL.

5. TECHMIN REP BELIEVES SAFEGUARDS ON TECHNOLOGY WILL BE DIFFICULT TO DEFINE AND IMPLEMENT. HE THOUGHT THAT PATENT AND INDUSTRIAL EXPERTS OF THE SUPPLIER STATE WOULD BE BEST QUALIFIED TO DETERMINE WHETHER TECHNOLOGY HAS BEEN TRANSFERRED IN VIOLATION OF AGREEMENT. EMBASSY S&T COUNSELOR TOOK THIS CONFIDENTIAL

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OPPORTUNITY TO REITERATE SOME OF US ARGUMENTS IN FAVOR OF AGREEMENTS PROVIDING FOR CONTINUED SUPPLIER STATE INVOLVEMENT, POSSIBLY THROUGH TRILATERAL AGREEMENTS WITH IAEA. TECHMIN REP IS NOT COMPLETELY CONVINCED ON THIS POINT, BUT ACKNOWLEDGED VALIDITY OF US ARGUMENTS. (HE IS ALSO INVOLVED IN THE SALE OF NUCLEAR TECHNOLOGY TO BRAZIL.)

6. IRANIANS HAVE THREE KEY CONCERNS AT PRESENT TIME; ENRICHED URANIUM SUPPLIES, NUCLEAR REACTOR SAFETY AND TRAINING OF PERSONNEL.

7. NUCLEAR POWER PLANT SUPPLIER MUST BE WILLING TO

ARRANGE FOR NECESSARY ENRICHED URANIUM. TECHMIN REPS BELIEVE THIS IS TRANSIENT STAGE IN IRANIAN NUCLEAR PROGRAM. IRAN'S MEMBERSHIP IN EURODIF AND THEIR INCREASING SOPHISTICATION IN NUCLEAR MATTERS ASSURES

THAT THEY WILL ENTER WORLD URANIUM MARKET TO SATISFY THEIR FUTURE REQUIREMENTS.

8. SAFETY OF NUCLEAR POWER PLANTS PRESENTS A SPECIAL PROBLEM. FRG WILL NOT RPT NOT ASSUME THIS RESPONSIBILITY. HOWEVER, FRG WILL ASSIST IRAN IN ANY WAY POSSIBLE TO DEVELOP THEIR OWN COMPETENCE IN THIS AREA. GERMANY WILL PROVIDE DOCUMENTS, ADVICE AND EXPERTS, AND ASSURE IRAN THAT THE 1200 EMW NUCLEAR POWER PLANTS (SIMILAR TO BIBLIS A IN FRG) WOULD HAVE BEEN LICENSED IF CONSTRUCTED IN FRG. EARTHQUAKES ARE MORE FREQUENT IN IRAN. HERE TOO, FRG WILL ADVISE AND ASSIST ASSESSMENT OF THE PROBLEM.

9. TRAINING OF PERSONNEL WILL BE HANDLED AT THREE LEVELS. STUDENT EDUCATION WILL BE ARRANGED THROUGH NORMAL EXCHANGE CHANNELS. ON-THE-JOB TRAINING OF IRANIAN NUCLEAR SPECIALISTS WILL BE CONDUCTED IN GERMAN NUCLEAR CENTERS AND IN GERMAN NUCLEAR INDUSTRY UNDER THE AGREEMENT FOR COOPERATION. SKILLED LABOR AND TECHNICIANS WILL BE TRAINED IN COURSES CONDUCTED BY KRAFTWERK UNION (KWU) IN IRAN.

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10. ACCORDING TO TECHMIN OFFICIAL, IRAN SIGNED LETTER OF INTENT WITH KWU TO PURCHASE TWO 1200 EMW NUCLEAR POWER STATIONS ON NOVEMBER 19. A LESS SPECIFIC AGREEMENT FOR TWO FRENCH NUCLEAR POWER PLANTS WAS SIGNED ONE DAY EARLIER SO THAT THE FRENCH REACTORS COULD BE CALLED IRAN NUMBERS ONE AND TWO. IRANIANS ASSUME THAT KWU REACTORS WILL BE COMPLETED FIRST, HOWEVER, AND NOW REFER TO GERMAN REACTORS AS "ONE AND TWO." THESE COMMERCIAL NEGOTIATIONS ARE NOMINALLY SEPARATE FROM THOSE FOR THE GOVERNMENT-GOVERNMENT AGREEMENT FOR NUCLEAR COOPERATION DISCUSSED IN PARAS 2-4 ABOVE.

11. EMBASSY COMMENT: TECHNOLOGY MINISTRY OFFICIALS SEEMED FAR MORE RELAXED IN DISCUSSING FRG-IRAN NUCLEAR NEGOTIATIONS THAN THEY WERE DURING PAST TALKS ABOUT THE SALE OF GERMAN NUCLEAR TECHNOLOGY TO BRAZIL. APPARENTLY, TECHMIN IS CONVINCED THAT IRAN WILL AS A MATTER OF POLICY DIVERSIFY THEIR ORDERS FOR NUCLEAR MATERIAL AND FACILITIES, AS WELL AS THEIR INTERNATIONAL CONTACTS TO DEVELOP OTHER ASPECTS OF IRAN'S SCIENTIFIC AND TECHNOLOGICAL

ESTABLISHMENT. TECHMIN REPS CLEARLY ASSUME THAT
US WILL SHARE IN THIS MARKET. BY CONTRAST, FRG
OFFICIALS DISPLAYED REAL CONCERN THAT DELAY IN
CONCLUDING NEGOTIATIONS BETWEEN THE FRG AND BRAZIL
COULD HAVE RESULTED IN LOSS OF THIS BRAZILIAN
ORDER TO THE US. HILLENBRAND

UNQUOTE. INGERSOLL

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